



BUSINESS CONSULTING INSTITUTE

STUDY

**on reporting procedures of economic
agents of the Republic of Moldova**

Content

Abbreviations.....	3
Summary	4
Introduction	6
1. Types of reports made by economic agents	7
2. Reports.....	8
2.1 <i>Indirect taxes: VAT and excises.....</i>	8
2.2 <i>Income tax.....</i>	8
2.3 <i>Road tax</i>	9
2.4 <i>Contributions to Mandatory Medical Insurance Fund</i>	9
2.5 <i>Contributions to State Social Insurance Fund</i>	10
2.6 <i>Locale Taxes</i>	10
2.7 <i>Real Estate Taxes.....</i>	11
2.8 <i>Natural Resource Taxes</i>	11
2.9 <i>Reports for Other Taxes</i>	12
3. Informational reports.....	12
3.1 <i>Organization of reporting process</i>	12
3.2 <i>General informational reports</i>	13
3.3 <i>Informational reports specific to the field of activity.....</i>	15
4. Reporting Burden.....	15
4.1 <i>The need to evaluate reporting burden.....</i>	15
4.2 <i>The volume of reports and whom these are presented to.....</i>	16
4.3 <i>Reporting Estimative Costs</i>	18
5. Conclusions and recommendations	21
Appendix	24

Abbreviations

Abbreviations	Name
EA	Economic Agent
TAE	Territorial Agencies of Ecology
NBS	National Bureau of Statistics
CAC	Code of Administrative Contraventions
TC	Tax Code
NSMI	National Service of Medical Insurance
NSSI	National Service of Social Insurance
REA	Real Estate Agency
FH	Farmer Household
MSTI	Main State Tax Inspectorate
TSTI	Territorial State Tax Inspectorate
IE	Individual Enterprise
SME	Small and Medium Enterprises
TSS	Territorial Statistical Service
NP	Natural Person
LP	Legal Person
SR	Statistical Report
JSC	Joint-stock Company
NAS	National Accounting Standards
Ltd.	Limited liability company
VAT	Value Added Tax

Summary

The reports made out by the economic agents can be divided according to their use in two large categories: internal and external. The external ones, at their turn, can be mandatory and optional. The study in question is focused on mandatory external reports. Mandatory reports may be classified in: (i) reports of declaration type, based on calculation or payment of certain duties, taxes or other mandatory payments in the budget or compulsory fund and (ii) statistical or informational reports.

In the legislation in force, most of declaration reports are called reports. Duties and taxes reflected in reports can be grouped as shown hereto: (i) Indirect taxes: VAT and excises, (ii) Income tax, (iii) Road tax (Fees to the road fund,) (iv) Contributions to mandatory medical insurance fund, (v) Contributions to state social insurance fund, (vi) Local taxes, (vii) Real estate tax (viii) Natural resource tax (ix) Other taxes.

Informational reports, according to the field of activity, are divided in general and specific. To general category can be listed (i) financial, - referring to economic and financial situation of individuals, in any field of activity, (ii) labour, - reports related to labour force activity and remuneration, (iii) environment, - reports on environmental protection, (iv) special - contain information requests on the state or use of certain economic resources employed in activity process.

The given research is only dealing with the estimation of economic agents' burden, which make external periodical reports, disregarding hereto the procedures applied to reporting processes (registrations, payments, authorizations etc). We calculated, as evaluation indicator, the costs adherent to 2005 year, incurred by the economic agents, which have to be obligatory reported. The cost calculation was performed on the bases of estimated time necessary for reports elaboration and submission, as well as transport expenses for two ways. In this purpose, 8 case studies were performed for enterprises running in different fields of activity and of various legal-organizational form. The economic agents selected to be analyzed belong to productive sphere, meaning profit making organizations, with employees and running in well-know types of activities.

The main institutions calling for economic agents to submit reports are the following: state territorial tax inspectorates, territorial bureau of statistics, territorial offices of NSSI, the concern „Apele Moldovei” (“Moldova Waters”) and environmental protection agencies. For keeping records of medical insurance policy, the economic agents must present themselves at NSMI. The biggest share of reports goes to TSTI and TSS, both counting about 65% -88% of the title number and about 85% - 95% of reports volume.

There are three major factors influencing on the reports volume: (i) field of activity, (ii) number of employees and rotation of staff, (iii) income level and the number of clients and suppliers engaged in profit making. The legal-organizational form of entrepreneurial activity influences little on the reports volume, except for Households with an area less then 50 hectares. These households register a reporting volume much lower than the other economic agents.

Study on reporting procedures of economic agents of the Republic of Moldova

Total costs related to reports consist of transportation costs and salary costs for persons engaged in reporting process. The annual reporting costs for most of economic agents overcome two times the average salary value per economy. For enterprises with a larger activity, a person must work 4 – 5 months on the reporting process.

The costs incurred by economic agents for elaborating and submitting reports to TSTI, raise to about 40%-60% of total reporting expenses. The expenses for reporting to tax institution usually overcome with about 20% the expenses to be presented at NBS. Both institutions represent 65% -90% of the number of reporting titles, about 85% - 95% of the reports volume and about 70%-85% of reporting expenses.

The share of expenses related to transportation and submission of reports to institutions of the expenses for report writing can be from 30% to 100% for resident agents and for institutions where the reports are submitted. In what concerns the economic agents from rural area, the expenses for submission may be few times higher than expenses for writing.

The agriculture comes up as the most difficult domain of activity when it is about reporting. Considering that a number of economic agents also perform commercial and production activities for ensuring on their products sale, therefore the reporting volume raises considerably and might overcome the number of 130 reports annually.

Certain measures must be undertaken in order to improve the situation in this field: (i) introduction of legal provisions about monitoring and control on the reporting process, any request related to the introduction of a new report must be approved only when accompanied by a cost – benefit analysis, (ii) to institutionalize the issue of reporting cost optimization and decrease, (iii) improvement of the system according to the principle of a single relation „government”- economic agent, (iv) finding immediate possibilities of sending reports by e-mail or on-line, (v) for the beginning shall be followed the principle „ for an institution - one report”, therefore to establish at most 2 institutions to which reports must be submitted – MSTI and NBS, (vi) instead of monthly reporting to pass to quarterly and half-yearly, (vii) to post on the sites of institutions, which collect reports, detailed guides and instructions to help the economic agents.

Introduction

The given study was elaborated by the experts of the Institute of Research and Consultancy in Management „Business Consulting Institute” at the request of the project BIZPRO Moldova „Development of Small and Medium Enterprises in the Republic of Moldova”.

The study aims to evaluate the overall state of mandatory reporting of economic agents, also which are the main institutions generating and collecting these reports and what influence have reports on business.

The study was developed in 2 stages: (i) external mandatory reports of economic agents were systematized, as well their regulatory ground, (ii) it was estimated the reporting burden on the economic agents.

The analysis used information obtained from official sources, published in Official Monitor or the information posted on the sites of institutions engaged in reporting process. Moreover, there were settled working meetings with the servants directly involved in the process of reports receipt from tax bodies and National Bureau of Statistics. The analysis of the costs incurred by economic agents, which refer to reporting procedure, was developed on the basis of 8 case studies, inclusively two from rural area.

The study was performed in the period 5 – 30 April 2006.

1. Types of reports made by economic agents

In everyday activity, the individuals dealing with entrepreneurial activities face the obligation to submit reports and inside and external information. We can mention hereto the external reports – mandatory reports, stipulated and regulated by the legislation in force and optional reports. At their turn, mandatory reports, according to their essence, can be grouped in two categories:

- a. With declaration character, hereinafter referred to as reports – reports or other documents which claim the contributions to state budget, obligatory funds and local budget.
- b. With informative character, hereinafter referred to as informational or statistical reports – the reports only communicating certain situations of the financial, economic, ecologic or social state of individuals executing economic activities.

In the same time, reports vary from the cyclical aspect - planned and occasional. Planned reports incorporate all reports, submitted under a schedule or the submission dates being stated by normative acts, and these represent – reports and informative reports. The occasional category refers to information requests, inquired by institutions competent to cope with administrative or information tasks for society. A pertinent example of such reports are those required from economic agents for surveys fulfilled by the Bureau of Statistics. In the same time, economic agents must observe certain legal liabilities for presenting certain situations, obtaining registration certificates etc.

To optional reports can be assigned the information presented to institutions and organizations, other economic agents interacting with economic entities for ensuring their activity. The information can be designed also to other individuals, only when the refuse of presenting information will not affect directly the enterprise activity. As an example for the first case might be delivering information to banks, especially with the purpose to obtain a credit, and for the second case, filling in questionnaires for surveys conducted by research institutions.

It is obvious that inside reports provide not only the management function for the economic agent but also ensure on external reporting. The share of the second part in internal reporting depend on enterprise size and specific. Further on, we will refer only to mandatory external reports, mostly to those performed periodically under a schedule stipulated by legal acts in force.

2. Reports

Reports of declaration type can be divided according to the type of duties and taxes levied in this regard:

1. Indirect taxes: VAT and excises
2. Income tax
3. Road tax
4. Contributions to mandatory medical insurance fund
5. Contributions to state social insurance fund
6. Local taxes
7. Real estate tax
8. Natural resources tax
9. Other taxes

A brief presentation of regulations regarding the submission of reports on the main duties and taxes is written below. The list of most common reports is shown in Annex 1, also indicating the submission date and penalties charged to economic agents in case if these fail to submit them.

2.1 Indirect taxes: VAT and excises

Each taxable person must present VAT statement for each calendar month. Economic agents, not registered as VAT payer, do not submit the named declarations. The terms and modality of declaration submission are stipulated in the art. 115 of TC, Title III, and the form is set by the Order nr.117 of 24.09.2001 of the Main State Tax Inspectorate (MSTI). VAT declaration must be accompanied by an annex regarding fiscal invoices received for each tax period. This form is regulated by the Order MSTI nr. 117 of 24. 09.2001.

The second declaration type on indirect taxes is excise declaration. All legal or natural persons manufacturing or processing goods liable to excises, must present the declaration on excise payment at latest the last day of the month next to the month when the operation occurred. The Instruction MSTI nr. 188 of 21.10.2004 mentions the way and the mode this shall be completed. For the year 2006 there are about 93 de excisable goods. The number of economic agents registered as excise payer is quite low.

2.2 Income tax

Five types of documents are used to keep records and administrate the tax income. The submission of income tax declaration is regulated by the art. 83 of TC, Title II. Legal persons, residents (joint-stock companies, limited responsibility companies, cooperatives, lease enterprises, state and municipal enterprises, inclusively their associations; investment funds and private institutions running in the domains of finance, health protection, education, science and culture; NGOs, foundations, social-political organizations, syndicate organizations, religious organizations, patronage associations, organizations of lawyers and notary officers, also their associations;

other organizations stipulated by the legislation), must submit this declaration, also resident organizational forms, natural persons, in compliance with the legislation, as well as the persons that administrates succession according to art.17, with no regard to liability of tax payment. In derogation of legal provisions, the household (farmer household) which for the tax period did not employed any person and did not register taxable income, is therefore exempted of the liability to submit the income tax declaration.

Besides the income tax declaration, which is actually the obligation of the one presenting the declaration to honour the income tax a, it is necessary to supply information designed to administrate the income tax of other contributors. This is due to the fact that a part of the income tax, for certain contributors is withdrawn and is transferred to the budget by the contributor actually withdrawing this sum. The procedures and the forms the information must be submitted are stipulated in the Order MSTI nr. 223 of 14 December 2004 and nr. 217 of 27 December 2005, according to art. 92 of TC Title II. This type of information envisage: report on charged income amount and the withdrawn income tax (code IRV) and other 3 information messages (codes IAL, IAS, INR). The persons obliged to withhold tax from payment source, besides to resent these information to TSTI, must also inform up to 1st March of the year next to reporting period the persons beneficiaries of payments.

2.3 Road tax

Reporting procedures related to road fund are regulated by the art. 187 of Title V of TC, Law on the Road Fund Nr.720-XIII of 02.02.96 and the Order MSTI nr. 210 of 09 December 2002. The most common report relies to road utilization (TFD). Legal persons, as well as natural persons, the transportation means of which are used in the enterprise activity have to submit reports to tax institutions up to July 31, and in case if after this date emerged taxable objects – not latter than December 20th of the operating year without annual accumulation. All owners of transportation means hold responsibility to presented it. For the period 2006-2010 included, the economic agents agricultural producers, of any legal-organizational form fall under tax exemption, the basic activity of which is stipulated in Annex 3 of the Law nr.1164-XIII of April 24th 1997 for putting into action the Titles I and II of the Tax Code¹.

The other reports refer to obtaining of authorizations and licenses (ATRI, AVSM, AZP, LTA), to placing objects in the area of road protection (TAOR) and commercialization of liquid gas and natural gas to be used as fuel for road transportation means (TGL). These reports are submitted by a low number of economic agents, especially from transport sector, car services, communications and services.

2.4 Contributions to Mandatory Medical Insurance Fund

For recording the amounts transferred by the economic agents for insured persons, reports (MED) are presented quarterly in the mandatory medical insurance fund to

¹ Art. 5, paragraph (6) of the Law of the road fund Nr.720-XIII of 02.02.96

Study on reporting procedures of economic agents of the Republic of Moldova

state territorial tax inspectorates regarding the amounts paid. The reporting method and procedures are stipulated by art.26 of the Law on payment amount, method and dates of mandatory insurance fees for medical insurance nr.1593-XV of 26 December 2002 and regular order of MSTI and NSMI nr. 30/24 of 11 February 2005. All legal and natural persons which have employees are accountable for submitting reports.

In addition to quarter reports to be presented to TSTI, there circulate a series of procedures for registration to NSMI and recording the insured persons. The payers of mandatory insurance fee for medical insurance must in at most 10 days from the date when the registration certificate of NSMI was obtained. In the same time, they must sign insurance contracts with NSMI, to pick up the insurance policy for each employee and to communicate in written form within maximum 15 days the fired persons and to restore the insurance policy.

The failure in observing the procedures of reports calculation, payment, submission and other duties call to account the natural persons and the persons assigned to high-duty positions under the Code on administrative offences and Penal Code. In the same time, legal violations consisting of non-payment or part payment of insurance fee are penalized and amended depending on the damage amount.

2.5 Contributions to State Social Insurance Fund

The main acts regulating the reporting procedures and record of contributions social insurance fund are the Law on state social insurance budget for the year 2006 (art. 11, annex 3 items 3, 10, 11) and the orders of NSSI regarding the establishment of reporting forms and instructions. All legal and natural persons performing entrepreneurial activities² must present reports. The declaration are also submitted for non-operating period putting down the zero value.

The reporting of contributions to social insurance fund consist of quarter Reports (form 4BASf) and annual reports, when are presented the Informative message (REV9), Statement of insured person (REV5 or REV5a) for each insured person and summarizing documents per sets (REV2). Fro the year 2006, contributors to state social insurance budget shall hand in documents for personal records in at most 10 days after what the state insurance rights were activated for social risks, which are stipulated by the legislation, for the inquiry from of insured person and up to 25 June 2007 for annual declaration of insured person.

2.6 Locale Taxes

According to Title VII of TC, in our country there are 12 local taxes, which can be applied by local administrations, 10 of them for economic agents, with taxable base, and are accountable for their payment and submission of reports in due time. Deliberative authority of local public administration can apply all local taxes or only a part of them, depending on the competences and needs of administrative-territorial units, and due to the different type of taxes and various charged subjects.

² comments to annex nr. 3 p. 3 of the Law on state social insurance budget for the year 2006

Study on reporting procedures of economic agents of the Republic of Moldova

The regulation of responsibilities, dates and method of reports submission is stipulated by the art. 298 subparagraph (1) and annex to Title VII of TC and the Order of MSTI nr. 21 of 02 February 2006. The named act lies down the specific forms of tax reports and states that for the operating period where the taxable object is missing, there is no need to submit the report.

The tax for territory arrangement registers the greatest number of contributors, due to its large taxable base which depends on the number of employees. The responsibility for in time transfer of this tax to the budgets of administrative-territorial units, if referring to farmer households, is charged to bodies assigned by local public administration authorities. The other taxes count a lower number of contributors, because their taxation base depends on certain activities performed by the economic agents. Reports are submitted quarterly for all taxes, except for the report on rendering passengers transportation services (form TTC 06) which is submitted monthly.

2.7 Real Estate Taxes

The main regulations on calculation, payment and charged persons, responsible for reporting, are stipulated in Title VI of TC. Taxable persons are listed in art. 277 of Title VI of TC, and the reporting modality is defined by the Order MSTI nr. 24 of 06 February 2006 and nr. 34 of 21 February 2005 on the bases of art.187 paragraph (5) of TC. The contributors must present reports only if they appear to be taxable persons. They apply hereto the Calculation of real estate taxes (form BIJ-1) and the Calculation of land tax (form FUNJ - 2).

The Forms BIJ-1 are submitted quarterly by taxable persons along with the real estate tax, up to the date 20 of the month subsequent to operational quarter. The Forms FUNJ-2 are submitted annually by legal and natural persons, developing entrepreneurial activities, excepts for households (farmer households), prior to the date of July 1st of operating tax year.

2.8 Natural Resource Taxes

As stated in TC, at this point, it is necessary to present 7 reports, only if there is a taxable object for the operating period. All of the reports, except for the one related to water tax (form TA 06), are submitted by the economic agents dealing with prospecting activities (TPG 06) and geological exploitations (TEG 06), forest exploitations (TL 06), mineral extraction (TMU 06) and use of space (TSPC 06) and underground constructions (TCPA 06). The dates of tax payments and report submission are foreseen by the art. 301 title VIII of TC, and the specific forms of the Order MSTI nr. 22 of 03 February 2006.

The greatest number of economic agents which submit the reports hereto is apparently related to water tax. As a deviation to the obligation for quarterly submitting reports, the contributors which use per year less than 100 m³ water must present water report only once in a year. These Reports are submitted to TSTI and to concern „Apele Moldovei” (“Moldova Water”).

The economic agents dealing with environmental pollution activities, besides the reports stipulated by TC, must present to TAE a pollution calculation, as a base for tax pollution payment. This calculation is made according to „Instruction regarding the payment calculation for environmental pollution in the Republic of Moldova”³ nr. 1704 of 17.04.2000 approved by the Ministry of Ecology. The Instruction is issued on the basis of the Law on environmental pollution fee nr.1540-XIII of 25.02.1998⁴. It is submitted quarterly prior to the date of 20 of the month next to reporting period. If the amounts are insignificant, the tax can be paid only once and so to hand in the Calculation one time per year.

2.9 Reports for Other Taxes

The category other taxes includes private tax, regarding calculated dividends and the payment for the use of trademarks - state property for alcoholic beverages. The reports on private tax and dividends are regulated by the Order MSTI nr. 34 of 21 February 2005 on the basis of art. 187, Title V of TC. The report on private tax must be submitted until the last day of the next month to the quarter, when the sale-purchase contract on the object for privatization was signed. And the report for calculated dividends has to be delivered up to July 1st of the year next to the operating year.

The completion and presentation way of reports on the fee calculation for the used state property trademarks to alcoholic beverages is performed in compliance with the Chapter IV of the Law on wine and grapevine nr.131-XIII of 2 June 1994. it is submitted to TSTI prior to the date of 30 of the month subsequent to operating month.

The GD Nr.1150 of 18.10.2004⁵ laid down the obligation for economic agents which produce, sell sugar and/or use more than a tone per month for the technological process, disregarding the type of ownership and the legal-organizational form must present the Report on sugar rotation and enclosures. The report is delivered monthly to TSTI, prior to the date of 30 of the month subsequent to the operating month. This report is not matching the specific of TSTI, it is not linked to any duty or tax. This case must be approached as *deviation of the rule*, it is rather appropriate to be regulated and presented to NBS.

3. Informational reports

3.1 Organization of reporting process

Informational reports serve as main sources of primary information for providing the planning and organisational process of the economical and social live of the whole society, of a branch or a sector. Also, some informational reports are used by other

³ Published in Official Monitor nr 112 of 05.09.2000

⁴ Published in Official Monitor I, nr.54-55 of 18.06.1998

⁵ GD nr.1150 of 18.10.2004 regarding the approval of the reporting model on sugar rotation Official Monitor on the Republic of Moldova nr.189-192/1324 of 22.10.2004

individual users, also by economic agents in order to provide them as supports for their managerial decisions. The main Law regarding the presentation of informational reports is the Law on official statistics, according to which (art. 18 and 19) all natural persons and legal persons must deliver all the information required by the official bureaux of statistics, except for those stipulated in paragraph (2) of art. 18. According to art 7 of the same law, the official bureaux of statistics are “the central bureaux of statistics and its territorial branches, statistical department within the specialty bodies of the central and local public administration, of the National Bank of Moldova.

The presentation of reports containing errors, with delays, or failure to deliver reports or any other information stipulated by the legislation represents a violation and is sanctioned under the Code regarding administrative contraventions, art. 199 paragraph (2).

The art. 11, which regulates the relationship between the official bureaux of statistics, shows the fundamental role and the impact of the law regarding the official statistics on the reporting process⁶. The efficiency of the reporting system depends much on the provisions of this article and on their application, and so the reporting burden on individuals. Of course, it would have been better if in this article were mentioned that all reports must be presented to regional branches of the NBS, and NBS is the supplier of processed information for the other users, also for public ones. At the same time, most of informational reports are still submitted in the light of the named article, so these are delivered to regional branches of NBS, but in certain cases these can be confirmed by or even presented to other public institutions.

By now, NBS request statistical reports to execute its activity program and due to the fact that several internal offices of NBS deal with their accomplishment, each of them claims for the information it requires. At the same time, other state institutions might require a certain volume of information, so they ask NBS to collect the necessary information, provided by one of its offices. Otherwise saying, the structure of gathering information is oriented to NBS offices and not to those who present it. Therefore a great volume of information is doubled. A good sign is that NBS is aware of this fact and is trying to solve this problem. The best solution would be for each economic agent to submit only one report, with the enclosed information requested by different subjects.

Upcoming from those stated above, we divided the reports in two categories, so as to direct the structure of claimed reports to those who present them: (i) general – and (ii) specific to the field of activity.

3.2 General informational reports

⁶ Art. 11. (1) To avoid doubling in activity and to uniform use of definitions, classificatory and statistical methodologies, creation, by the central and local public authorities, of statistic information will be done through coordination with the central statistic office: a) cooperate with other authorities of the official statistic on elaboration of statistic work program; b) offer to other official statistic authorities the necessary methodological assistance; c) coordinates the dissemination of statistic information.

(2) Other official statistic authorities are obliged to offer, for free, at the request on the central bureau of statistics, statistical information, to be included in the data series or in statistic publications.

Study on reporting procedures of economic agents of the Republic of Moldova

In this category are included the statistical reports which do not contain information directly linked to a specific domain. The reports of this category can also be classified into 4 groups:

- Financial – describes the economic and financial situation of subjects developing entrepreneurial activities, in any field of activity
- Labour – provides information on labour force activity and remuneration
- Environmental – reflects the impact of the economic activity on the environment and other information on environmental protection
- Special – containing requested information on the state or on the use of certain economic resources used in activity process.

Financial Reports. This category includes financial reports specified in National Accounting Standards (NAS) nr. 5: balance sheet, report of financial results, report on owner's equity circulation, report on monetary flow, annexes to financial reports and explanatory notes⁷. The Forms and the way of these reports presentation is foreseen by NAS 5, except for the report on monetary flow, which is regulated by NAS 7.

The statistical report Nr. 5-c „Enterprise consumptions and expenses” can be also assigned to this category. This report is established under the Law on official statistics by the NBS Order. Financial reports of the form 5-c can be analyzed as a platform of the entire reporting system. To financial reports can be also attributed the SR on fixed capital investments, their application and SR on foreign investments (Annex 2).

Labour Reports. This type of reports is requested by NBS, at the same time these can be claimed by other superior bodies. Statistical Report „Labour Protection” is also submitted to Territorial Labour Inspectorates. All subjects, of any organizational form, which hire employees, must supply reports in this regard (Annex 3). The type of report to be submitted is determined on the criteria if the number of employees is under 20 or their number is higher. The economic agents with a number of employees up to 20 must submit only the annual report „Labour Protection” (nr. 1-PM) and „The effective number of employees and working places of economic agents with a number of employees up to 20” (quarterly).

The Statistical Report „Salary income of the staff, specified by function” (nr. 53-m), is delivered by all enterprises accounting over 19 employees. Due to the fact that the main functions differ from a domain to another, these forms are elaborated for each field of activity. The forms are defined by the NBS Order, and the information is requested according to the Law on official statistics.

Environmental reports. All economic agents, of any organizational form, which use water, or in the process of activity create, use, store, trade substances or offsets, which pollute or can cause pollution, are obliged to present statistical reports in this regard (Annex 4). The type of the report is defined by the pollution peculiarity or risk and by its influence on the environment. All reports are delivered to TSS and to

⁷ Approved by the Order of the Ministry of Finance Nr.174 of 25.12.97 regarding the approval and application of National Accounting Standards and of the Plan of accounting accounts of the economic-financial activity of enterprises. Published in the Official Monitor of the R. Moldova nr.88-91 of 30.12.1997.

Territorial Ecological Agencies (TEA), except for the report "Water use", which is presented to TSS and to the concern "Apele Moldovei". In the reports we can also find a form included the necessary information about fixed capital investments for environment protection, but the number of individuals that present this report is very low.

Special reports. This category contains the reports on the use of transportation services, property of economic agents "Road transport and road length of administrative use" (form nr. 1-tr) and other reports (Annex 5). Information inquired by MSTI regarding sugar rotation (see p. 2.9) shall be rather administrated by NBS and included in this category.

3.3 Informational reports specific to the field of activity

In this category are included statistical reports that reflect certain economical and financial situations relying to certain types of activities. According to the classification made by NBS, the economic agents are mostly running in 7 fields of activity: (i) Electrical industry and electrical power, (ii) Agriculture and forestry, (iii) Investments and construction, (iv) Trade and services, (v) Transportation, communication, informatics and tourism, (vi) Sport and leisure, (vii) Communal husbandry. Besides general reports, economic agents must perform specific reports depending on the field of activity.

The submission of reports specific to the field of activity usually is not clearly stipulated in other legal acts, as in the case of financial reports or other reports, in this situation the obligatory character of report submission is settled under the law on official statistics. According to this law, economic agents have the duty to present statistical reports if requested by official statistical institutions. Therefore, current provisions do not clearly define the moment when the liability to present certain reports occurs. NBS orders regarding the approval of forms is not published in OM and therefore, until the economic agent does not receive a written request from NBS to submit a certain report, he has no legal obligation to present it.

The field registering a large number of requests for specific reports is agriculture. There has been done a lot of work to simplify as much as possible the volume of reports for FH. By now, FH with less than 50 ha of land have the lowest report volume from all of the economic agents. In what concerns the other economic agents in the agriculture sphere, this remains an outstanding issue. Moreover, it is notable the fact that in 2005 year, the number of report titles was reduced, 3 of them being specific reports in agriculture.

4. Reporting Burden

4.1 The need to evaluate reporting burden

By now, any report or study on reporting burden evaluation was not published. The evaluation of this phenomenon needs to be done thoroughly, from the economic agents' point of view, as well for the authorities requesting for reports. If we analyze

from the point of view that any information has a price and in the same time brings up some benefits, then it is understandable that the decision on information collection and processing must be taken after a cost-benefit analyze is made. Also it is necessary to mention that no matter who bears the costs, the economic agents or public authorities; these are society costs and must be considered in decision taking.

Some partial or related researches have been made in the study regarding the costs of business settlement in the Republic of Moldova⁸ and in other studies regarding the settlement and costs of businesses. At the same time, in several documents and strategies elaborated by central public authorities it is mentioned the concern regarding the simplification and adjustment of reporting procedures. In the SME support and development strategy of the Republic of Moldova are stipulated some exact actions that request this kind of studies, in the Agricultural-food sector development strategy for the years 2006-2015 it is mentioned the need to develop the regulatory reform as well as to set up and implement reporting procedures specific for rural area. Also in the Concept Document for participation of Republic of Moldova in the preliminary stage of the Millennium Challenge Account program some obligation are undertaken regarding simplification procedures of reporting in the light of fighting corruption.

It is obvious that for any optimization, simplification or improvement actions of reporting procedures, as well as for introducing new reports it is necessary a study to evaluate the reporting burden. In the case of the Republic of Moldova, which reforms the settlement system in order to improve it and make it more efficient, it is significant to know what the size of reporting burden is, who generates the burden and how much it can be diminished.

This research estimates only the burden of economic agents which perform periodical external reports, without taking into account the procedures serving to reporting (registration, fees, authorizations etc). As evaluation indicator, we calculated the costs related to the year 2005 incurred by the economic agents, which must be stated. The costs were calculated on the basis of the estimated time necessary for the execution and submission of reports, as well as transport expenses to the destination point and back. In this purpose, we carried out 8 case studies for enterprises running in different fields of activity, of different legal organizational forms. It is necessary to mention that the economic agents envisaged in the analysis are operating actors, profit making entities, have employees and develop common activities.

4.2 The volume of reports and whom these are presented to

The main institutions whom economic agents must present reports are: territorial state tax inspectorates, territorial bureau of statistics, territorial offices of NSSI, the concern "Apele Moldovei" ("Moldova Water") and ecological inspections. For keeping records for medical insurance policies the economic agents must come to

⁸ Report on the business settlement cost in the Republic of Moldova, 2004, financed by DAI-Bizpro Moldova, published on the web-site www.bizpro.md

Study on reporting procedures of economic agents of the Republic of Moldova

NSMI. The biggest share of reports goes to TSTI and TSS, both accounting for 65%-88% of the number of titles and about 85%-95% of the volume of reports (Annex 6).

According to researched enterprises it can be stated that operating enterprises, VAT payers, annually submit to TSTI 8-13 reporting titles, so the average number of reports is nine, and the highest limit depends on the variety of the field of activity. The number of titles mainly increases on the account of reports on local taxes. The volume of reports during a year period, generated by the number of titles is of about 50-63 units. Farmer Households come as an exception top the above mentioned, the number of titles and reports of which might be much lower.

Reports submitted to TSS are of a larger range. In the researched cases the number of reporting titles is of 2-18. Two reporting titles (annual financial report and quarter financial report) are submitted by farmer household, and individual enterprises (SC7) running in agricultural sphere submit 18 reports instead operating commercial and production activities. It is obvious that the number of reports delivered to TSS for a year period is various as well, counting from 4 to 51. In order to highlight the impact of the activity field on reporting, we can put an example – so if to exclude the reports included by us in the compartment “according to the field of activity” the number of titles would be from 4 to 10 and for the volume 12-27, as usual excepting the farmer households. Therefore we can mark thereto a decrease of the highest limit of about two times.

Another beneficiary of reporting is NSSI whom 4 forms with a 7 report volume per year are presented to. In our situation, all the economic agents submit an equal number and volume of reports.

The other report collectors generally receive 1-2 report titles with a volume of 1-5 reports. We can also mention that the report in question presented to the concern “Apele Moldovei” is actually a copy of the report on tax water. The number of reports designed for the other beneficiaries generally might be higher. A collector apart the “beneficiary” whom the income was calculated and paid, as well the taxes to source were withheld by the economic agent. At the end of the year, the economic agents must deliver to all beneficiaries an “Information on calculated and paid incomes in the benefit of the natural (legal) person and on the income tax withheld from these revenues”. A great deal of effort is required in case of seasonal employees.

Table 4.1 The number of report titles envisaged in the case studies per reporting periods

Number of titles	CS1	CS 2	CS 3	CS 4	CS 5	CS 6	CS 7 rural	CS8 rural
Number of reporting titles, total per year, out of which	25	30	20	18	17	17	34	12
Monthly	3	6	3	3	3	3	4	3
Quarterly*	8	10	8	8	7	7	14	3
Annual	14	14	9	7	7	7	16	6

**the reports which do not come into monthly either annual category where assigned to quarter reports*

The total number of reporting titles for the economic agents which activated can be estimated of about 18-34 with an annual reporting volume generated hereto of about

70-130. Only farmer households have about 12 titles and an annual volume of approximately 50 reports, and if these are VAT payers and have under 50 hectares of land the number can be much lower.

4.3 Reporting Estimative Costs

Time costs for report submission. For the evaluation of reporting costs, we shall first analyze some costs for report submission. In Annex 7 are presented data on the number of trips necessary for each economic agent to submit the report during the year 2005 and on the time spent in this purpose. The submission time included the time spent for two-way trip, waiting time, if necessary, and receipt of report by the responsible person.

An economic agent needs on average 14-17 trips to submit a report to TSTI, and the others, depending on the activity, might require from 12 to 24 trips per year. In what concerns TSS, the number of trips varies much, the difference is 4 – 36 trips and is directly proportional to the annual volume of statistic reports to be presented by the economic agent.

When estimating the number of trips, for each economic agent was considered that more reports are delivered during a trip. And the necessary time for submission was picked up the average interval specified by the economic agents or the exact time indicated by these, if one figure was mentioned. In this stated conditions, for the economic agents located in regions where the reports are submitted or in their neighbourhood, it can be considered that an economic agent spends 1 hour – 3,5 hours for a trip in order to submit reports to TSS. In what concerns the submission to TSTI, most of the agents spend about 1,5 hours from an interval of 2 and 0,5 hours. For NSSI the time interval was estimated at 1,5-2,5 hours.

The duration of trips from rural regions is different from a locality to another, but on average higher with about 2 hours than in the case when the agent submits reports in his locality. In this sense, we can note that due to the lower number of economic agents in districts and to possible appointments, the available time for receiving reports is very short. So, the economic agents from rural areas might spend less time than those from Chisinau Municipality.

There is no great difference between the time for report submission for collecting institutions. Still, the reports submitted to TSTI require less time than those submitted to NSSI and TSS.

Even if there is no need to submit reports to NSMI, each agent in addition to the duty of honouring health insurance fee, has to manage medical insurance policies. For some economic agents this is still a great deal of effort. In this purpose, the trips to NSMI were included in the analyses, more over, this procedure has a periodical character. On average, this case requires about 3-4 trips with an annual time spending of about 2-5 hours. If relying on the case when the economic agent employs seasonal worker this can raise to 8-12 trips and a time spend hereto is of about 14-20 hours.

Financial costs for transportation related to trips. Further on we shall estimate financial costs related to trips. All economic agents stated that in 80%-90% cases they go for trips with the company car: the cost of a km is of 3,2 Lei (0,8 Lei less than a taxi services in Chisinau municipality) which includes all expenses for the car and the driver and the average distance to institutions place in the reporting centres is 3 km; for the agents of rural area the distance is 30 km (our case) and the cost per km is 1,8 Lei.

There for, the costs of transportation for Chisinau Municipality account for 600-700 Lei per year, and in our cases from rural area – 2300 and 7200 (Annex 8). Considering that the average distance to the reporting centre is of about 15 km, then the estimations for similar agents at an average distance would be two times lower, in means 1150 Lei and 3600 Lei per year.

Time costs for report writing. The time required for executing reports depends on a series of factors: management system of the economic agents, professional skills of persons in charge of reporting, the type of recording program (soft), if this is used, number of employees, turnover, diversity of activity sphere, registration form and other factors. Only a detailed survey, supposing forms filled in due time by the subjects in question for a period of at least a quarter, could provide response closer to the reality. The conclusions designed on the basis of case studies aim to offer a general picture, on a large scale, of the reporting procedure and namely of the time spent by the staff to conduct reports.

The time required for reporting procedure comprised the time the time necessary for data selection from the economic unit registers, the time needed for data calculation in the form and for its completion. It was removed from calculation the time required for registers recording, due to the assumption that the economic agents keep records according to NAS and needs this data for enterprise management. As for the case when for completing the report are required data missing from this registers, then the time spent for this special records was therefore taking into account.

The annual necessary time for reporting procedures represents about 80-100 hours for the enterprises with a reduced volume of activity and of about 350-400 hours for enterprises running in more types of activities (Annex 9). Less time – 16 hours spent farmer households, which apply the system of bookkeeping the records in a common form. As for individual enterprises which also activate in agriculture field, but practices other activities, use about 400 hours per year for keeping records in electronic form.

Most of economic agents spend 50-150 hours annually for report development except for FH, which use about 10 hours and for IE – 310 hours. Statistical reports take at least 30 hours and at most 100 hours, except for FH which need only 5 hours. The average time spent per report to be submitted to MSTI and to NBS, calculated for the analyze cases, is of 2,2 hours and respectively 2,4 hours, without FH.

For NSSI the average value per report is of 3,4 hours, still being less relevant, due to the great variation of spent time. The required duration for reporting procedure

mostly depends on the number and turnover of staff. In the analyzed cases the enterprise spending more time is the construction company, which has more part time employees (the number of submitted sets of documents – about 170). For the enterprises with 4-7 permanent employees, the duration is of about 3-5 hours per year.

The obligation of transmitting “Information on calculated and paid income in the benefit of natural (legal) person and on the income tax withheld from these revenues” to the beneficiary according to specific categories of economic agents can cost them about 50 hours. The time required for fulfilling this type of reports also depend on the number of employees, mainly on the number of seasonal employees. For enterprises with permanent staff and service suppliers the information can be presented directly to the person in question, thus time costs are much lower. A number of economic agents even stated no loss of time for reporting, estimating them as insignificant.

Financial costs related to report execution and submission. The total costs related to reporting consist of transportation cost and salary cost for stuff engaged in reporting process. When we estimated salary costs of personnel dealing with report execution and submission, we assumed an hour – person necessary for reporting of about 18 Lei per hour. Hypothetic – because reports are handled by a number of persons, starting with highly qualified employees and to the beginners. In case when reports are managed by a single person, these are usually accountants, which have salaries higher the average of value per economy.

In this conditions, the economic agents with the turnover up to 1 million Lei, activating in a single domain and counting 4-7 employees spend about 2000-3000 Lei for salaries regarding the reporting procedure (Annex 10). The agents with higher turnover can register 5000-11000 Lei per year. Obviously for FH these amount is considerably lower, as for the researched case it represents about 1050 Lei.

Total expenses, salaries plus transportation, related to reporting process during a year period are reflected in Annex 11. The obtained data show that most of economic agents incur reporting expenses in the amount of two average salaries per economy. As for enterprises with a greater turnover, we can say that the person works 4-5 months only to ensure the reporting process.

Expenses related to reports submission to NSSI, for most of the economic agents, are estimated at 200-1000 Lei, except for those from rural area, which can incur more expenses due to long distances to reporting places. For most of operating enterprises, expenses related to report maintenance designed for MSTI, register the level of 800-2500 Lei, except for those located in rural areas. It shall be noted that expenses related to reports for MSTI are higher than those to be submitted to NBS with at least 17%-20%. Still, these expenses can overcome 100%.

An outstanding issue is which of the expenses are higher, those related to report submission or to their completion. The table 4.2 shows the situation in this regard, and as expected, the most difficult situation was faced on analyzing the economic agents from rural area (a comprehensive information regarding the type of

Study on reporting procedures of economic agents of the Republic of Moldova

enterprises and their type of activity analysed as case studies (CS) is reflected in the Annex No. 12). Nevertheless the share for the economic agents of Chisinau municipality varies from 30% to 104%. This fact ascertains once again the need to introduce electronic systems for delivering reports. The implementation of a system like this, would not only avoid trip expenses, but also would allow to decrease expenses related to report execution.

At the end of this paragraph we shall remind that only direct expenses related to periodic external reporting were estimated. Another remarkable aspect is that a number of economic agents analyzed in this study do not present submit all informational reports, they simply didn't know. On the over side the quality of supplied information in reports is not always at the level. From this point of view if economic agents would observe exactly all requirements for informational reports, reporting costs would therefore raise with about 30% -40%, some of these – even higher.

Table 4.2 Structure of expenses related to periodic external reporting during a year, Lei

Structure of expenses	CS1	CS2	CS3	CS4	CS5	CS6	CS7 rural	CS8 rural
Execution cost	7132	3923	2041	3758	1422	1615	6669	292
Cost of submission, transportation + time spent for submission	2183	2149	1182	1199	1345	1681	11880	3024
Out of which the transportation	806	1114	595	576	499	538	7128	2268
The share of the cost for submission in the execution cost	31	55	58	32	95	104	178	1037
Total expenses	9315	6072	3223	4956	2767	3295	18549	3316

5. Conclusions and recommendations

There 3 major factors influencing on the report volume: (i) related to activity domain, (ii) number an turnover of personnel, (iii) income level and number of clients and suppliers engaged in their fulfilment.

The legal organizational form of entrepreneurial activity influence insignificantly on the volume of reports, except for FH with an area under 50 hectares. The volume of reports for these households is much lower than for the other economic agents. Joint Stock Companies, besides regular institutions, also submit reports to REA.

Expenses related to report execution and submission to TSTI, incur by the economic agents account about 40%-70% of the total expenses for reporting. Expenses related to reporting to tax bodies usually overcome the expenses for submission to NBS with 20%. Both these institutions register above 65%-90% of the number of report titles, about 85%-95% of the volume of reports and approximately 70%-85% of reporting expenses.

The share of expenses related to trips and report submission to institutions from the expenses related to report execution may account from 30% to 100% for agents of

Study on reporting procedures of economic agents of the Republic of Moldova

resident localities and the institutions where reports are submitted. The economic agents from rural area can incur expenses for submission few times higher than execution costs.

The agriculture domain is the most difficult to report from all fields of activity. Considering that the economic agents perform other commercial and processing activities, meant to ensure the sale of goods, then the reporting volume increases considerably and might exceed the number of 130 reports per year.

The reporting process is organized in the following way. More directions or divisions of the same institution or from different institution present a number of requests for reporting directed to the same subject – economic unit. The current structure of reports shows that these institutions, or a part of them, has an unsatisfactory management procedure, not emerging as a single user. Therefore this causes the repetition of the information volume or indirect doubling in over reports. In the best case the same report is submitted to 2 institutions, the copies of these.

If in the case of reports related to duties and taxes, the number of their titles is relatively stable and can be modified only by making adjustments to tax code or to other laws, then in what concerns the number of informational reports requested by other official statistical bodies (including not only statistical institutions) is practically optional and can be increased at any time and in any volume.

In order to ensure a better management of reporting process and to optimize reporting expenses, it is necessary to undertake the following measures:

1. To add the legislation with provisions regulating on the process of generating reports and informational reports, establishing requesting hereto a mandatory cost-benefit analysis. The estimation of costs must envisage all costs borne by economic units and by institutions dealing with report collection and their administration.
2. To establish the calculation and monitoring of reporting burden. This will ease the reporting process to be administrated at the level of the whole society. This subject is an outstanding issue, from the point of view that the volume of information requested from the economic agents in certain fields is liable to increase (for example in ecology and environmental protection). A centre which would control the process of information supply as a single relation “Government – economic agent” would definitely contribute to an efficient reporting process and would make easier the implementation of e-government project.
3. The immediate implementation of the system for reports delivery and sending reports in electronic form by wire. Even in the situation of current reporting structure for most of the economic agents this would allow to avoid certain expenses related to trips. These expenses are very high for the economic agents from rural area. This problem can worsen once with the possibility to perform online bank transfer, thus the economic agents from

Study on reporting procedures of economic agents of the Republic of Moldova

villages will have to make a trip to the district centre only to submit the report.

4. For the beginning shall be implemented the principle “for an institution a single report” applied for each reporting period and also to the enterprise specific, if appropriate. In what concerns the next stages, it is necessary to analyze which are the possibilities to have at most two institutions dealing with report collection, - MSTI and NBS. These institutions are meant to provide the data and information transfer to the other beneficiaries.
5. Monthly reports generate a great volume, that's why it would be appropriate passing to quarterly or half-yearly reporting. For the beginning the obligation to pay taxes and duties shall be still kept, according to current rules. This is a difficult task and supposes to analyze fiscal, economical, legal aspects related to current procedure etc.
6. An immediate measure to undertake is the need to post some guides and instructions on the web sites of institutions dealing with report collection. This would help the economic agent, right after the registration, to see what are the exact reporting request for his company and which is the way of carrying out the report.

Appendix

Annex 1. List of main Reports

NR	Name	Code of Form	Periodicity	Submission date	Taxable subjects	Obligativity ***	Penalty
I. Indirect taxes: VAT and excises							
1	Declaration on value added tax	TVA02	M	31/30	According to TC title II art .112 and art 115	O	art 262 Paragraph (1), TC*
2	Annex on VAT invoices received in tax period	TVAFACT	M	31/30	//	O	//
3	Declaration on excises	ACZ 04	M	31/30	According to TC title IV art .120 and art. 127 (3)	O	art 262 Paragraph (1), TC*
II. Income tax							
1	Declaration on income tax	VEN04	A	31 March next year	According to TC title II art . 83	O	art 262 Paragraph (1), TC *
2	Report on paid income and income tax withheld from this	IRV 06	M	31/30	According to TC title II art . 92	E	art 262 Paragraph (2), TC **
3	Information message on salary payments and other payments honoured by the owner to employees and on income tax withheld from these payments	IAL 04	A	30 January next year	According to TC title II art . 92	E	art 262 Paragraph (2), TC **
4	Information message on payments made to residents from income sources, other than salary payments, and on income tax withheld from this payments	IAS 04	A	30 January next year	According to TC title II art . 92	E	art 262 Paragraph (2), TC **
5	Information message on tax withheld from income sources, other than salary payments, paid to non resident persons	INR 04	A	30 January next year	According to TC title II art . 92	E	art 262 Paragraph (2), TC **
6	Information on calculated and paid income in the benefit of natural (legal) person and on income tax withheld from this revenues	annex 6 to the ord MSTI 223/14.12.2004	A	1 March next year	According to TC title II art . 92	E	art 262 Paragraph (2), TC **

Study on reporting procedures of economic agents of the Republic of Moldova

NR	Name	Code of Form	Periodicity	Submission date	Taxable subjects	Obligativity ***	Penalty
III. Road taxes							
1	Report on calculation of tax amount for commercialization of liquid gas and natural gas used as fuel for road transportation means	TGL	Q	20 of the next month	paragraph.(1) of art.2 and annex 6 of the Law on road fund	E	art 262 Paragraph (1), TC *
2	Report on the calculation of tax amount for road service levied to car owners registered in the Republic of Moldova	TFD	H-Y	Up to July 31, in case if taxable objects emerged after this date – not later than December 20 of the operation year	paragraph.(1) al art.2 and annex 2 of the Law on road fund	E	art 262 Ain (1), TC *
3	Report on calculation of tax amount for object placement for road services supplied in the road protection area	TAOR	Q	31/30	paragraph.(1) al art.2 and annex 4 of the Law on road fund	E	art 262 Paragraph (1), TC *
4	Report on the calculation of tax amount of license issuance related to road transportation activity	ATRI	Q	31/30		E	art 262 Paragraph (1), TC *
5	Report on the calculation of tax amount for authorization release regarding circulations of vehicles exceeding the standards	AVSM	Q	31/30	paragraph.(1) al art.2 and annex 3 of the Law on road fund	E	art 262 Paragraph (1), TC *
6	Report on the calculation of tax amount for authorization release regarding the works performed in road protection area	AZP	Q	31/30	paragraph.(1) al art.2 and annex 4 of the Law on road fund	E	art 262 Paragraph (1), TC *
7	Report on calculation of tax amount for license issuance regarding road transportation activity	LTA	Q	31/30		E	art 262 Paragraph (1), TC *
IV. Contributions to mandatory medical insurance fund							
1	Report on calculation of fees for mandatory medical insurance	MED	Q	10 of the next month	art. 4 and art.26 of the Law nr.1593-XV of 26 December 2002	O	CAC****
V. Contributions to state social insurance fund							
1	Quarter reports	4BASf	Q	15 of the next month*	annex 3 to the Law Nr. 305-XVI of 01.12.2005**	O	CAC****
2	Declaration of ensured person	REV5, REV5a	A	25.06.2007 for the year 2006	annex 3 to the Law Nr. 305-XVI of 01.12.2005**	E	CAC****
3	Summarizing documents per sets	REV2	A	//	//	E	CAC****
4	Information message	REV9	A	//	//	E	CAC****

Study on reporting procedures of economic agents of the Republic of Moldova

NR	Name	Code of Form	Periodicity	Submission date	Taxable subjects	Obligativity ***	Penalty
VI. Local Taxes							
1	Tax on territory arrangements	TAT 06	Q	31/30 – (up to last day of the month subsequent to operating period)	TC, title VII, art. 290 (a) and 291 (a)	E	art 262 Ain (1), TC*
2	Tax of advertisement (except for those entirely posted in the road protection area)	TAP-AE 06	Q	31/30	TC, title VII, art. 290 (c) and 291 (c)	E	art 262 Paragraph (1), TC*
3	Tax for the use of local sings	TAS 06	Q	31/30	TC, title VII, art. 290 (d) and 291 (d)	E	art 262 Paragraph (1), TC*
4	Tax for commercial units and/or for social service rendering (except for those entirely posted in the road protection area)	TAUCS 06	Q	31/30	TC, title VII, art. 290 (e) and 291 (e)	E	art 262 Paragraph (1), TC*
5	Market tax	TP-AE 05	Q	31/30	TC, title VII, art. 290 (f) and 291 (f)	E	art 262 Paragraph (1), TC*
6	Accommodation tax	TC 06	Q	31/30	TC, title VII, art. 290 (g) and 291 (g)	E	art 262 Paragraph (1), TC*
7	Balneal tax	TB 06	Q	31/30	TC, title VII, art. 290 (h) and 291 (h)	E	art 262 Paragraph (1), TC*
8	Tax for road transportation services offered to passengers on municipal, town and rural routes	TTC 06	Q	31/30	TC, title VII, art. 290 (i) and 291 (i)	E	art 262 Paragraph (1), TC*
9	Parking tax	TPA 06	Q	31/30	TC, title VII, art. 290 (j) and 291 (j)	E	art 262 Paragraph (1), TC*
10	Tax for auctions and lotteries organized on the territory of administrative-territorial units	TLL06	Q	31/30	TC, title VII, art. 290 (b) and 291 (b)	E	art 262 Paragraph (1), TC*
VII. Real estate tax							
1	Calculation of land tax legal persons	FUNJ-2	A	Prior to July 1 st of the current tax year	Agricultural land owners, except for FHs, art. 277, TC		art 262 Paragraph (1), TC*
2	Calculation of real estate goods tax	BIJ-1	Q	Prior to the date of 20 of the month subsequent to operating quarter	All economic agents, owners of real estate goods, art. 277, TC		art 262 Paragraph (1), TC*

Study on reporting procedures of economic agents of the Republic of Moldova

NR	Name	Code of Form	Periodicity	Submission date	Taxable subjects	Obligativity ***	Penalty
VIII. Natural resource tax							
1	Report on water tax	TA 06	Q	31/30	TC, title VIII, art. 302	E	art 262 Paragraph (1), TC*
2	Report on tax for exploring underground constructions in the purpose of developing entrepreneurial activities other than mineral extractions	(Form TCPA 06)	Q	31/30	TC, title VIII, art. 325	E	art 262 Paragraph (1), TC*
3	Report on tax for the right to use underground spaces for underground constructions, other than mineral extraction	(Form TSPC 06)	Q	31/30	TC, title VIII, art. 320	E	art 262 Paragraph (1), TC*
4	Report on tax for timber harvesting (forest income)	TL 06	Q	31/30	TC, title VIII, art. 330	E	art 262 Paragraph (1), TC*
5	Report on tax for the right to perform geological prospecting	TPG 06	Q	31/30	TC, title VIII, art. 307	E	art 262 Paragraph (1), TC*
6	Report on the right to mineral extraction	TMU 06	Q	31/30	TC, title VIII, art. 315	E	art 262 Paragraph (1), TC*
7	Report on tax for the right to perform geological explorations	TEG 06	Q	31/30	TC, title VIII, art. 311	E	art 262 Paragraph (1), TC*
8	Calculation regarding pollution	Annex to the law on pollution fee	Q	Until the date of 20 of the month subsequent to the operational period	Law nr.1540-XIII of 25.02.1998	E	CAC
IX. Reports on other taxes							
1	Report on the calculation of fee for the use of state property - trade marks to alcoholic goods	MSTA	M	30	EA which use state trade marks for alcoholic goods	E	art 262 Paragraph (1), TC*
2	Report on private tax	IP 05	Q	Up to the last day of the month subsequent to the quarter when the sale purchase contract of the object to be privatized was signed	EA generating objects for privatization	E	art 262 Paragraph (1), TC*

Study on reporting procedures of economic agents of the Republic of Moldova

NR	Name	Code of Form	Periodicity	Submission date	Taxable subjects	Obligativity ***	Penalty
3	Reports on dividends calculated with respect to results of Joint Stock Company activity for the operating year	DPP-05	A	Up to July 1 st of the year subsequent to the operating year	JSC, which calculates dividends	E	art 262 Paragraph (1), TC*
4	Report on sugar rotation	ZAH	M	30	EA which manufacture, merchandise or use more than a tone sugar per month	E	CAC****

TC, Art. 260. Paragraph (1) The failure of presenting tax reports or doubtful presentations of these is charged with a penalty of 5% from the duty amount or the tax which shall be transferred to the budget which is indicated in the mentioned tax report and for excises – 5% of the excise amount which must be indicated is already calculated value, in the case when the period of non submission is less than a month, thus increasing in the case of further failure to present tax report, with 5% of the duty amount or of the tax to be transferred to the budget and which must be indicated in the mentioned in the tax report, and for the excise – 5% of the excise amount, which must be indicated as calculated amount for each next month or a share of this 5% if the month is not full. Nevertheless the penalty size shall not overcome 25% of the duty amount or the tax.

**** TC, Art. 260.** Paragraph (2) The failure to present tax reports according to article 92 or the presentation of tax reports which contain inappropriate information comes under the sanction of 200 Lei for each missing report or of 100 Lei for each damaged information included in the tax report. The tax report is considered to contain inappropriate information if it lacks the information requested in the tax legislation or if the information is fully or partially false. Tax body is in right to cancel or reduce the penalty if the error is corrected during 30 days starting with the submission deadline.

Paragraph (3) The failure to deliver the document within 10 days after the penalty was assigned, stipulated in paragraph (2) is amended with 2000 Lei.

***** O** – to be presented mandatory

E – to be presented only in the case when the taxable object exists

******** Penalties to persons in charge for tax report execution and submission in the amount of 10 – 20 conventional units.

Annex 2. List of financial statistical reports

NR	Name	Cod of form	Submission date	Who must submit reports
1	Financial reports (appendix and explanatory note) (annually)	Annexes to NAS 5	Prior to March 31	All legal and natural persons developing entrepreneurial activities
2	Financial report (quarterly)	Annexes to NAS 5	Prior to the date of 25 of the month subsequent to reporting period	All legal and natural persons developing entrepreneurial activities
3	SR „Enterprise consumptions and expenses” (quarterly)	5-c-complete	Prior to the date of 25 of the month subsequent to reporting period	EA which keep records using complete double-entry accounting system
4	SR “Enterprise consumptions and expenses” (quarterly)	5-c-brief	Prior to the date of 25 of the month subsequent to reporting period	EA which keep records using simplified double-entry accounting system
5	SR “Used objects, fixed assets and investments in used fixed capital” (annually)	2-cc	Up to February 1 st of the year next to the reporting one	All legal and natural persons developing investment activities
6	SR “Used objects, fixed assets and investments in used fixed capital” (quarterly)	2-cc	Prior to the date of 4 of the month subsequent to reporting period	All legal and natural persons developing investment activities
7	SR “Foreign investments allocated by enterprises with foreign capital in the economy of the Republic of Moldova” (quarterly)	1-invest	January 25 , April 25, July 25, October 25	All EA with foreign capital contribution

Annex 3. List of main statistical reports on hired labour

NR	Name	Cod of form	Submission date	Who must submit reports
1	SR "Labour" (annually)	1-m	January 27	Economic units with 20 and more employees
2	SR "Labour" (monthly)	1-m	Prior to the date of 10 of the month subsequent to reporting month	Economic units with 20 and more employees
3	SR "Labour protection" (annually)	1-pm	March 1 st	Economic units with 20 and more employees
4	SR "Repartition of real number of employees according to salary value calculated for the month of September of the year 200_" (monthly)	Annex to 1-m	Prior to the date of 10 of the month subsequent to reporting month	Economic units with 20 and more employees, once with the form nr. 1-m (monthly)
5	SR "Professional training of employees" (annually)	6-m	January 10	Economic units with 20 and more employees
6	SR "Flexibility of employees and working places" (quarterly)	1-c	Prior to the date of 10 of the month subsequent to reporting quarter	Economic units with 20 and more employees
7	SR "Real number of employees and working places at the economic agents with a number less than 20 employees" (quarterly)	1-îm	January, April, July, October	All EA registering a number of employees up to 20 persons, in the same time with the financial report (quarterly)
8	Salary income of staff, classified per functions (annually)	53-m depending on the domain	November 30	Economic units with 20 and more employees

Annex 4. List of main statistical reports on environment

NR	Name	Cod of form	Submission date	Who must submit reports
1	SR "Atmospheric air protection" (annually)	1-aer	January 30	Legal persons that have stationary sources of air pollution
2	SR "Creation, use and neutralisation of toxic offset" (annually)	1-deșeuri toxice	January 30	Legal persons the activity of which consists of creation, use, storage and neutralisation of toxic offset
3	SR "Conducting geological exploration works" (annually)	1-geo	January 25	Teams, groups, enterprises, organisations dealing with geological explorations and prospective works, with no regard to hierarchical responsibilities and ownership form
4	SR "Water use" (annually)	1-gosp apelor	May 20	Enterprises - water consumers
5	SR "Consumptions for the environmental protection" (annually)	1-ma	March 3	Legal persons dealing with economic activities which suppose the creation of pollutant offset and charges payment for the environment protection
7	SR "Creation and use of offset" (annually)	2-deșeuri	January 30	Legal persons of any ownership form, which creates, uses, stores or transports offset
8	SR "Investments in fixed capital for environmental protection" (annually)	18-cc	Up to February 10 of the year subsequent to reporting year	Legal persons investing in environmental protection

Annex 5. List of main special statistical reports

NR	Name	Cod of form	Submission date	Who must submit reports
1	SR "Road transportation and the length of road for administrative use" (annually)	1-tr	January 25	Legal persons, of any ownership form, which detain car inventory or rent it, as well as economic agents which dispose of exploration roads
2	SR "Energetic balance" (annually)	1-be	February 10	Economic agents – producers, suppliers and consumers of energetic resources, including fuels
3	SR "The situation regarding soft development and technical endowment at the end of the year" (annually)	1-inform	April 1 st	Legal persons endowed with soft devices, informational systems and which provide informatics services
4	Structural questionnaire (annually)	ASA	According to schedule	EA which keep records according to a simplified or complete double entry accounting system

Annex 6. Number of reporting titles and the volume of reports generated by these.

Institution whom reports must be presented to	CS1		CS2		CS3		CS4		CS5		CS6		CS7 rural		CS8 rural	
	Titles	Volume	Titles	Volume	Titles	Volume	Titles	Volume	Titles	Volume	Titles	Volume	Titles	Volume	Titles	Volume
NBS	10	20	12	48	6	14	5	13	4	12	5	13	18	51	2	4
MSTI	10	48	12	63	9	54	9	54	9	51	8	50	12	63	6	42
NSSI	4	7	4	7	4	7	4	7	4	7	4	7	4	7	4	7
Apele Moldovei*	1	4	1	4	1	4	1	4	1	4	1	4	0	0	0	0
TAE	0		1	4												
REA			1	1												
Beneficiaries of NP or LP	1	1	0	0	1	1	0	0	0	0	0	0	0	0	0	0
Total	26	80	31	127	21	80	19	78	18	74	18	74	34	121	12	53

*in our case, copies must be delivered to TA 06

Annex 7. Number of trips to institutions and the time necessary for the trip and report submission, per year.

Institution	CS1		CS2		CS3		CS4		CS5		CS6		CS7 rural		CS8 rural	
	num	hours	num	hours	num	hours	num	ore	num	hours	num	hours	num	hours	num	hours
NBS	8	14	24	24	6	7	4	5	4	10	5	18	36	144	4	8
MSTI	18	32	17	9	15	15	16	18	13	20	14	28	24	96	12	24
NSSI	4	7	4	8	4	6	4	6	4	10	4	10	4	16	4	8
Apele Moldovei	4	2	4	4	4	2	4	3	4	6	4	6				
TAE			4	4												
Labour inspection													1	4		
NSMI*	8	14	4	8	2	3	2	3	1	2	1	2	1	4	1	2
Beneficiaries of NP or LP		8														
REA			1	1												
Total	42	77	58	58	31	33	30	35	26	47	28	64	66	264	21	42

* the trips for the administration of medical insurance policies were included therewith, the copies of declarations made to TSTI are required for their issuance

Annex 8. Annual transportation cost for trips related to report submission, Lei.

Institution	CS1	CS2	CS3	CS4	CS5	CS6	CS7 rural	CS8 rural
NBS	154	461	115	77	77	96	3888	432
MSTI	346	326	288	307	250	269	2592	1296
NSSI	77	77	77	77	77	77	432	432
Apele Moldovei	77	77	77	77	77	77		
TAE		77						
Labour inspection							108	
NSMI	154	77	38	38	19	19	108	108
REA		19						
Total	806	1114	595	576	499	538	7128	2268

Annex 9. Time spending for report execution during a year period, hours

Institution	CS1		CS2		CS3		CS4		CS5		CS6		CS7 rural		CS8 rural	
	hours	%	hours	%	hours	%	hours	%	hours	%	hours	%	hours	%	hours	%
NBS	106	27	63	29	37	32	106	51	24	30	19	21	55	15	5	31
MSTI	147	37	117	53	67	59	100	48	53	67	67	74	302	82	10	59
NSSI	96	24	36	17	9	8	3	1	3	3	5	5	13	4	2	10
TAE			1,2	0,6												
REA			1,0	0,5												
Beneficiaries of NP or LP	48	12			0,5	0,4										
Total	396	100	218	100	113	100	209	100	79	100	90	100	371	100	16	100

Annex 10. Salary costs related to report execution and submission for a year period, Lei.

Institution	CS1	CS2	CS3	CS4	CS5	CS6	CS7 rural	CS8 rural
NBS	2151	1565	776	1994	608	648	3584	234
MSTI	3204	2252	1476	2119	1298	1703	7164	603
NSSI	1858	796	277	156	227	263	529	175
Apele Moldovei	36	72	36	58	108	108		
TAE		94						
Labour inspection							72	0
NSMI	252	144	54	54	27	36	72	36
Beneficiaries of NP or LP	1008		9					
REA		18						
Total	8509	4958	2628	4380	2268	2758	11421	1048

Annex 11. Total costs related to periodical external reporting during a year period, Lei

Institution	CS1	CS2	CS3	CS4	CS5	CS6	CS7 rural	CS8 rural
NBS	2305	2026	891	2071	685	744	7472	666
MSTI	3550	2578	1764	2426	1547	1972	9756	1899
NSSI	1934	872	354	233	304	340	961	607
Apele Moldovei	113	149	113	134	185	185		
NSMI	406	221	92	92	46	55	180	144
Other institutions	1008	225	9				180	
Total	9315	6072	3223	4956	2767	3295	18549	3316

Annex 12. General information on case studies reporting.

General characteristic of case studies	CS1	CS2	CS3	CS4	CS5	CS6	CS7 rural	CS8 rural
Organizational form	LTD	JSC	LTD	LTD	LTD	LTD	IE	FH
Position with respect to reporting regions	In the same locality	In the same locality	In the same locality	In the same locality	In the same locality	In the same locality	33 km far from reporting locality	30 km far from reporting locality
Field of activity	Constructions	Trade and service rendering	Processing and exports of agricultural products	Retail trade, computer accessories	Merchandise with industrial products, from warehouses	Technical repairs and installations	Agriculture and manufacturing, 130 hectares	Agriculture, 49 hectares
Sales, mill Lei	42	3,4	10	5	0,8	0,57	1,8	0,5
Number of employees, average number of employees, persons	19, have many seasonal employees	45	19	7	4	2	41	10
Organization of reporting process	3 persons, IT, electronic record keeping	2 persons, no computers	1 person, IT, electronic record keeping	1 person, IT, electronic record keeping	1 person, part time, IT, electronic record keeping	1 person, part time, IT, electronic record keeping	3 person, IT, electronic record keeping	The owner, single entry record keeping
Number of reporting titles	25	30	20	18	17	17	34	12
Monthly	3	6	3	3	3	3	4	3
Quarterly	8	10	8	8	7	7	14	3
Annually	14	14	9	7	7	7	16	6
Number of reports, total	80	127	80	78	74	74	121	53
The time spent for reporting, annually, hours	473	275	146	243	126	153	653	58
Out of which transportation and submission, hours	77	58	33	35	47	64	264	42
Total reporting cost, lei	9315	6072	3223	4956	2767	3295	18549	3316
Out of which expenses related to submission (transportation and time for submission) (Lei)	2183	2149	1182	1199	1345	1681	11880	3024